

Message Text

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PAGE 01 PANAMA 00519 222342Z

15

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 NSCE-00 SSO-00 USIE-00 INRE-00

SAB-01 PM-04 H-02 L-03 NSC-05 PA-01 PRS-01 SP-02

SS-15 OMB-01 TRSE-00 /065 W
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FM AMEMBASSY PANAMA

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E.O. 11652: N/A

TAGS: PINT, EFIN, PN

SUBJECT: FURTHER REACTION TO ARRESTS: BANKING ASSOCIATION HOPES
FOR NORMAL SERVICE BY MONDAY

REF: PANAMA 0499

1. BEGIN SUMMARY: OFFICER OF BANKING ASSOCIATION REPORTS THAT
LETTER FROM BANKING COMMISSION REMINDING BANKS OF OBLIGATIONS
TO OFFER SERVICES TO PUBLIC WILL SERVE AS LEVER TO END WALKOUT
OF BANK EMPLOYEES. SHOP CLOSURES REMAIN SCATTERED IN PANAMA
CITY BUT REPORTEDLY MORE GENERAL TODAY IN DAVID. END SUMMARY.

2. EMBASSY HAS RECEIVED SEVERAL UNCONFIRMED REPORTS THAT BANKS
AND SHOPS IN DAVID, CHIRIQUI PROVINCE, WERE COMPLETELY SHUTDOWN
AT LEAST THROUGH NOON TODAY, JANUARY 22. IN PANAMA CITY,
SCATTERED COMMERCIAL ENTERPRISES WHICH ARE CLOSED TODAY ARE NOT
IN ALL CASES THE SAME AS THOSE CLOSED JANUARY 21. ONE SOURCE
REPORTS THAT LEADERS OF JEWISH BUSINESS COMMUNITY WERE PRESSURED
TO JOIN IN PROTEST AS GROUP, BUT REFUSED TO DO SO. LEAFLETS
CALLING FOR YET ANOTHER RALLY THIS EVENING ARE BEING PASSED OUT

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PAGE 02 PANAMA 00519 222342Z

AT APEDE HEADQUARTERS.

3. ANNUAL ELECTION FOR OFFICERS OF LOCAL CHAMBER OF COMMERCE IS TAKING PLACE TODAY, JANUARY 22, AS SCHEDULED. THE INCUMBENT, MARIO DE DIEGO, WAS CONSIDERED A PRIME CANDIDATE FOR RE-ELECTION PRIOR TO HIS TRIP TO CUBA WITH GENERAL TORRIJOS, BUT MEMBERSHIP SUPPORT HAS BEEN WITHDRAWN BECAUSE OF THE CUBA VISIT. AD ANNOUNCING ONLY SLATE OF CANDIDATES NOMINATED THUS FAR RAN IN TODAY'S "ESTRELLA," WITH NAME OF "PRESIDENT, ANTONIO DOMINGUEZ JR." (ONE OF EXILLEES) IN BOLD FACE TYPE. AS FAR AS WE CAN LEARN, HIS CANDIDACY HAS NOT BEEN WITHDRAWN, SO THAT THERE APPEARS TO BE OPPORTUNITY FOR PROTEST VOTE ON PART OF CHAMBER MEMBERS IN FAVOR OF EXILED COLLEAGUE.

4. OFFICER OF BANKING ASSOCIATION INFORMED EMBOFF THAT AS RESULT OF CONTINUING CONSULTATIONS BETWEEN ASSOCIATION AND BANKING COMMISSION, GOVERNMENTAL REGULATORY BODY PRESIDED OVER BY PLANNING MINISTER BARLETTA, ASSOCIATION MEMBERS WILL RECEIVE LATE JANUARY 22 A LETTER REMINDING BANKS OF THEIR OBLIGATION UNDER COMMISSION REGULATIONS TO OFFER BANKING SERVICES TO PUBLIC. LETTER IS TO BE USED BY BANKS TO INDICATE TO EMPLOYEES THAT THEIR PAY WILL BE DOCKED IF THEY DO NOT APPEAR FOR WORK. THIS SOURCE THOUGHT THAT DESPITE PERSONAL SYMPATHIES ON PART OF MANY BANK OFFICERS FOR PROTEST, MOST IF NOT ALL BANKS WOULD USE THIS MEANS TO PRESSURE EMPLOYEES BACK TO WORK AND THAT SITUATION WOULD BE BACK TO NORMAL BY MONDAY, JANUARY 26. HE SAID THAT BANKERS TODAY RAISED WITH BARLETTA ARTICLE WHICH APPEARED ON PAGE ONE OF PRO-GOP "MATUTINO" REPORTING COMMUNIQUE ISSUED BY BANK WORKERS SYNDICATE CALLING ON ALL EMPLOYEES TO RETURN TO WORK AND DENOUNCING ATTITUDE OF EMPLOYERS. ARTICLE DID NOT INDICATE FACT THAT UNION IS NOT YET OFFICIALLY RECOGNIZED BY GOP. BARLETTA REPORTEDLY REPLIED THAT HE REMAINED OPPOSED TO RECOGNITION OF BANK WORKERS UNION AND THAT NEW LABOR MINISTER AHUMADA WAS ALSO AGAINST SUCH ACTION BY GOP, UNLIKE HIS PREDECESSOR. BARLETTA SAID LEGISLATION WOULD SOON BE PROPOSED TO RESOLVE MATTER IN MANNER FAVORABLE TO BANKERS.

5. SAME SOURCE CONFIRMED THAT THOSE BANKS WHICH ARE OPERATING ARE NOT EXPERIENCING UNUSUAL DEMANDS FOR WITHDRAWALS (HE NOTED ONE EXCEPTION--BANCO DE SANTANDER HAD REPORTED SEVERAL REQUESTS FROM LARGE DEPOSITORS FOR THEIR MONEY). HE SAID THE PRINCIPAL LIMITED OFFICIAL USE

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PAGE 03 PANAMA 00519 222342Z

FEAR AT MOMENT ON PART OF BANKERS WAS DAMAGE TO REPUTATION AND IMAGE OF PANAMA AS BANKING CENTER BECAUSE OF INABILITY OF SOME BANKS TO OPERATE FOR LACK OF STAFF.

6. COMMENT: SMALLER BANKS OPERATING IN PANAMA, THOSE WITHOUT LARGE PARENT INSTITUTIONS, ARE ESPECIALLY CONCERNED THAT BANKING OPERATIONS RETURN TO NORMAL QUICKLY BEFORE BANKS ABROAD WHICH OFFER THEM LINES OF CREDIT CONSIDER CURTAILING THEM BECAUSE OF

THE LOCAL SITUATION.

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